

STATE DEPARTMENT OF CORRECTIONS**A.R.S. § 41-1602**

Terry L. Stewart, Director

JLBC Analyst: Lorenzo Martinez

**General Fund and Other
Appropriated Funds****FY 1998
Actual****FY 1999
Estimate****FY 2000
Approved****FY 2001
Approved**Program Summary

Prison Operations	378,879,900	423,938,700	459,154,700	476,046,300
Inmate Health Services	54,250,100	67,357,300	71,183,200	73,476,900
Office of the Director	2,439,200	1,971,100	1,997,600	2,035,700
Inspections and Investigations	4,304,700	5,036,300	5,455,900	5,424,900
Community Corrections	8,106,400	7,950,600	8,087,900	8,241,400
Human Resources and Development	6,792,500	8,581,900	8,683,000	8,535,400
Administration	20,553,200	20,423,900	17,605,600	17,919,600

Total Appropriations**475,326,000****535,259,800****572,167,900****591,680,200**Expenditure Detail

FTE Positions	9,020.4	9,959.4	10,673.4	10,677.4
Personal Services	235,143,300	270,749,900	309,370,100	320,560,400
Employee Related Expenditures	69,140,400	77,239,900	85,887,100	90,341,800
Professional and Outside Services	25,330,800	32,380,900	35,043,800 ^{1/}	36,245,500 ^{1/}
Travel - In State	765,100	856,700	957,100	978,600
Travel - Out of State	100,000	118,600	61,400	32,300
Other Operating Expenditures	57,847,100	63,288,500	62,197,700	63,433,900
Equipment	9,710,100	12,918,200	10,849,800	4,151,800

Operating Subtotal**398,036,800****457,552,700****504,367,000****515,744,300**

Food	27,567,100	33,087,400	36,120,400	37,355,100
Work Incentive Pay Plan	6,976,000	8,916,400	9,648,600	9,989,000
Discharge Expense	248,800	351,800	381,700	395,600
Alternative Fuels	383,400	489,000	489,000	489,000
1993 Lease-Purchase Payments	12,014,200	0	0	0
1994 Lease-Purchase Payments	12,420,100	12,414,000	0	0
Apache County Prison Lease	1,068,500	1,083,500	1,083,500	1,083,500
Community Provider Beds	6,495,400	6,754,000	6,772,500	6,754,000
Return to Custody Beds	1,528,800	2,180,000	2,186,000	2,180,000
DWI Beds	8,586,900	10,626,500	11,119,200	16,189,700
Private Beds	0	0	0	1,500,000 ^{2/}
Temporary Private Beds	0	1,800,000	0	0

Total**475,326,000****535,255,300****572,167,900^{3/4/5/6/}****591,680,200^{3/4/5/6/}****Additional Appropriations -**

Appropriations; Named Claimants, Ch. 244	0	4,500	0	0
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Total Appropriations**475,326,000****535,259,800****572,167,900****591,680,200**Fund Summary

General Fund	448,561,900	520,492,300	568,304,700	587,811,300
Corrections Fund	25,502,800	13,497,500	1,083,500	1,083,500
Penitentiary Land Fund	999,200	1,000,000	1,375,000	1,375,000
State Charitable, Penal and Reformatory Land Fund	262,100	270,000	270,000	270,000
State Education Fund for Correctional Education	0	0	685,400 ^{5/}	691,100 ^{5/}
Alcohol Abuse Treatment Fund	0	0	449,300	449,300

Total Appropriations**475,326,000****535,259,800****572,167,900****591,680,200**

STATE DEPARTMENT OF CORRECTIONS (Cont'd)

Agency Description — *The State Department of Corrections (DOC) maintains and administers a statewide system of prisons for the effective custody, control, correction, treatment and rehabilitation of all adult offenders legally committed to the department. Educational and treatment programs are provided for offenders so they will have opportunities to learn more responsible behaviors and increase their chance of returning to society as law-abiding citizens. The department is also responsible for the supervision of offenders on parole and other prison release mechanisms, as specified by law*

Prior Year Prison Openings — The approved FY 2000 amount includes a net increase of \$1,008,600 from the annualization of operating costs and elimination of start-up costs for 800 Level 2/3, 800 Level 3, and 800 Level 4 beds opened in FY 1999 at the Lewis complex. The amount is continued in FY 2001.

New Beds — The approved amounts provide funding to support the operation of a total of 1,750 state-operated beds and a total of 1,400 privately-operated beds. *Table 1* summarizes funding and opening dates for the new beds.

	Number of Beds	Opening Date	FTE Positions	FY 2000 Funding	FY 2001 Funding
Lewis Female Level 3	600	Sep-99	243.0	10,912,800	(2,278,300)
Lewis Male Level 4	800	Dec-99	258.0	9,481,800	(142,400)
Lewis Minors Level 5	350	Mar-00	204.0	5,675,400	1,582,400
Private DWI Beds	400	Jun-00	7.0	615,700	5,221,000
Private Beds	1,000	Jun-01	4.0	0	1,544,900
TOTAL	3,150		716.0	26,685,700	5,927,600

Population Growth — The approved FY 2000 amount includes \$7,291,400 to fund the annual marginal costs (\$3,531 per prisoner) for an estimated average daily population (ADP) increase of 1,584, or 132 net new inmates per month. The amount also includes funding for an unanticipated ADP increase in FY 1999 of 481 above the original estimated ADP. The approved FY 2001 amount includes a further increase of \$3,700,500 for an additional estimated increase in ADP of 1,584 in FY 2001.

Average Daily Population — *Table 2* shows the actual growth of the average daily prison population from FY 1990 to FY 1998, including estimates for FY 1999, FY 2000, and FY 2001.

Fiscal Year	Prisons	CRC ^{1/}	Private	Jails	Total
1990	12,887	253	0	179	13,319
1991	13,912	258	0	76	14,246
1992	14,970	306	0	84	15,360
1993	16,293	130	0	125	16,548
1994	17,737	137	0	158	18,032
1995	19,542	136	273	126	20,077
1996	20,742	141	511	235	21,629
1997	21,588	142	864	156	22,750
1998	22,593	0 ^{3/}	1,264	202	24,059
1999 est ^{2/}	23,742	0 ^{3/}	1,450	200	25,392
2000 est ^{2/}	25,774	0 ^{3/}	1,483	200	27,457
2001 est ^{2/}	26,908	0 ^{3/}	1,933	200	29,041

1/ Correctional Release Centers
2/ Funded Estimates
3/ Moved under prisons

Correctional Officer Pay Plan — The approved FY 2000 amount includes \$14,259,500 to implement a new Correctional Officer (CO) pay plan. The intent of the new plan is to match the salary structure provided by Maricopa County to detention officers. The plan will provide annual increases to the CO classification series (CO I, CO II, CO III, CO IV) based on experience and education levels. The amount also includes funding to provide a \$2,000 increase to the Sergeant, Lieutenant, Captain, and Major positions in order to maintain salary differentials. The approved FY 2001 amount includes a further increase of \$5,640,900 to continue the pay plan. *Table 3* compares the salaries under the existing pay structure and the new pay structure.

50% Out-of-State Travel Reduction — The approved FY 2000 amount includes a reduction of \$(61,800) for a statewide reduction to Out-of-State Travel. The FY 2001 amount includes a further reduction of \$(32,600).

Food — The approved amounts from the General Fund are for food to be served to inmates housed in prison facilities. The department currently contracts for all food services.

- 1/ Includes adjustment for the Office of the Attorney General legal services. (See the Salary Adjustment table at the front of this report for more information)
- 2/ Before the State Department of Corrections releases a request for proposals for the 1,000 privately operated beds to be opened in June 2001, the State Department of Corrections shall submit its plan for the category of beds to be privatized to the Joint Legislative Budget Committee for review and the beds shall not be segregated by race, ethnicity or nationality. (General Appropriation Act footnote)
- 3/ Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatory Land Fund shall be distributed to the State Department of Corrections in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state penal institutions. (General Appropriation Act footnote)
- 4/ One hundred percent of land earnings and interest from the Penitentiary Land Fund shall be distributed to the State Department of Corrections in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state penal institutions. (General Appropriation Act footnote)
- 5/ Before the expenditure of any State Education Fund for Correctional Education receipts in excess of \$684,000, the State Department of Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 6/ General Appropriation Act funds are appropriated as a Modified Lump Sum by Agency.

STATE DEPARTMENT OF CORRECTIONS (Cont'd)

Table 3 Correctional Officer Series		
<u>Experience</u>	<u>Existing Plan</u>	<u>New Plan</u>
<1 Year	20,604	23,504
1 Year	21,639	24,689
2 Years	23,288	25,916
3 Years	23,870	26,561
4 Years	24,467	27,227
5 Years	25,079	27,913
6 Years	25,706	28,600
7 Years	26,348	29,328
8 Years	26,348	30,056
Maximum	32,193	35,568
New Entry Level Salaries		
	<u>Existing Plan</u>	<u>New Plan</u>
Sergeant	28,982	30,982
Lieutenant	31,570	33,570
Captain	34,676	36,676
Major	38,817	40,817

Work Incentive Pay Plan — The approved amounts from the General Fund fund wages for inmates who perform work assignments within the prisons.

Discharge Expense — The approved amounts from the General Fund are for the cost of transportation, clothing, and a \$50 payment for inmates when they are released from prison. State statutes require inmates to save \$50 of their earnings, while in prison, for discharge expenses. The discharge expense is paid to first-time releasees who are indigent or have not saved the full \$50.

Alternative Fuels — The approved amounts from the General Fund continue funding to convert the department's fleet to an alternative fuel source.

FY 1994 Lease-Purchase Payments — The final payment for the FY 1996 Certificates of Participation issuance for the FY 1994 prison construction project of 768 maximum security beds occurred in FY 1999. These payments were made from the Corrections Fund.

Apache County Prison Lease — The approved amounts from the Corrections Fund are for the lease payments to Apache County for the 334 male bed prison located at ASPC-Winslow.

Community Provider Beds — The approved amounts from the General Fund are for the department to continue a contract for 450 privately-operated community treatment beds in Marana. These private facilities provide treatment for 350 male and 100 female minimum security inmates who demonstrate the need for substance or alcohol abuse intervention.

Return to Custody Beds — The approved amounts from the General Fund are for the department to continue a

contract for 250 privately-operated Return to Custody beds. The minimum security facility is used to house released offenders who are returned to prison under an allegation of violating the terms of their releases and are awaiting due process hearings.

DWI Beds — The approved amounts from the General Fund are for the department to continue 2 separate contracts for a total of 800 privately-operated minimum security DWI beds and to contract for an additional 400 DWI beds beginning in June 2000. Of the existing 800 beds, 400 are located in Phoenix and 400 are located in Florence. (*See New Beds section for the costs associated with the new 400 beds*)

Private Beds — The approved FY 2001 amount from the General Fund is for the department to contract for 1,000 privately-operated beds beginning in June 2001. (*See footnote 2 and New Beds section for more detail on these beds*)

Temporary Private Beds — Funding is no longer required for these beds. Funding was provided in FY 1999 as a temporary measure to allow DOC to vacate the minors Rincon unit in Tucson and allow the Department of Juvenile Corrections (DJC) to use the unit if it experienced overcrowding within DJC facilities.

State Charitable, Penal and Reformatories Land Fund — Revenues into the fund are derived from 25% of use fees on lands granted to the State of Arizona pursuant to Section 25 of the Enabling Act and interest earnings from the fund.

Penitentiary Land Fund — Revenues into the fund are derived from use fees on lands granted to the State of Arizona pursuant to Section 25 of the Enabling Act and interest earned on the investment of the permanent Penitentiary Land Fund. Penitentiary land earnings include payments by DJC for the lease of land where the Adobe Mountain and Black Canyon Juvenile Institutions are located.

State Education Fund for Correctional Education — The approved amounts are for the department to provide educational services to inmates under the age of 18 years and inmates with disabilities who are age 21 or younger. Laws 1998, Chapter 241 converted the fund from non-appropriated to appropriated status beginning in FY 2000. The fund receives state equalization assistance and other monies from the Department of Education. (*See footnote 5 and Additional Legislation section*)

Alcohol Abuse Treatment Fund — The approved amounts are for the department to provide treatment to DWI inmates. Laws 1998, Chapter 241 converted the fund

STATE DEPARTMENT OF CORRECTIONS (Cont'd)

from non-appropriated to appropriated status beginning in FY 2000. The fund receives revenues from penalty assessments on violations of traffic, motor vehicle, and game and fish statutes, and a portion of inmate earnings on work contracts with governmental entities.

Corrections Fund — This fund is for the construction, major maintenance, purchase or lease of correctional or state-operated juvenile facilities. The Legislature may also appropriate monies in this fund for the operation and minor maintenance of correctional facilities or state-operated juvenile facilities. Revenues deposited to the fund are from luxury taxes on alcohol and tobacco products.

Table 4					
CORRECTIONS FUND					
Estimated Revenue and Expenditure Projections					
(Thousands)					
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
	Estimate	Estimate	Estimate	Estimate	Estimate
Beginning Balance	\$16,291.8	\$977.8	\$883.1	\$801.2	\$726.7
Revenues	23,500.0	23,500.0	23,500.0	23,500.0	23,500.0
General Fund Deposits	41,100.0	--	--	64,980.8	8,119.7
Special Services Fund	--	--	--	1,000.0	--
AZ Correctional Industries Fund	--	--	--	1,000.0	--
Total Revenues	64,600.0	23,500.0	23,500.0	90,480.8	31,619.7
Total Funds Available	\$80,891.8	\$24,477.8	\$24,383.1	\$91,282.0	\$32,346.4
Expenditures					
Construction & Maintenance	36.5	--	--	--	--
ADOA Staffing	558.8	530.4	541.0	541.0	541.0
Drug Enforcement	38.5	--	--	--	--
FY 1994 Lease-Purchase	12,414.0	--	--	--	--
Apache County Lease	1,083.5	1,083.5	1,083.5	1,083.5	1,083.5
FY 1995 Capital Budget					
Youthful Offender 100 Beds	2.3	--	--	--	--
Yuma 400 Level 3 Beds	17.6	--	--	--	--
Globe 100 Level 3 Beds	369.1	--	--	--	--
Aspen Conversion	0.9	--	--	--	--
FY 1996 Capital Budget					
Level 4 to Level 5 Conver.	450.0	--	--	--	--
Tucson 100 Minors Beds	9.7	--	--	--	--
Yuma 400 Level 3 Beds	38.0	--	--	--	--
Yuma 800 Level 4 Beds	4,106.2	--	--	--	--
Lewis Master Plan	--	--	--	--	--
FY 1997 Capital Budget					
Florence 400 Level 2 Beds	13.1	--	--	--	--
Lewis Complex - 4,150 Beds	49,045.0	--	--	--	--
Laws 1997, Ch. 212					
Perryville Lock Replacement	187.1	--	--	--	--
FY 1999 Capital Budget					
Lewis Complex	2,505.7	--	--	--	--
Yuma Complex	190.0	--	--	--	--
Douglas WasteWater	5,290.0	--	--	--	--
DJC Beds	1,558.0	--	--	--	--
New Complex Master Plan	2,000.0	--	--	--	--
FY2000/FY2001 Capital Budget					
New Complex	--	21,980.8	21,957.4	88,930.8	30,069.7
Total Expenditures	79,914.0	23,594.7	23,581.9	90,555.3	31,694.2
Fund Balance	\$977.8	\$883.1	\$801.2	\$726.7	\$652.2

Table 4 shows revenues and expenditures for the Corrections Fund. (See the Capital Outlay section for more information on Corrections Fund appropriations)

Additional Prison Capacity — Table 5 provides a comparison of the projected month-end prison population, the number of beds (expressed as the Operational Capacity), the Projected Bed Shortage, and the percent of the bed deficit over operational capacity (% Over Capacity). The New Beds column indicates when previously authorized beds will come on-line. The final 1,750 beds at the Lewis complex are scheduled to come on-line in FY 2000. In addition, 400 privately-operated DWI beds will come on-line in June 2000 and another 1,000 privately-operated beds will come on-line in June 2001. Funding has been appropriated for the construction of a new 4,200 bed complex. Beds at the new complex will start to come on-line in late FY 2003.

Table 5					
Month/Year	New Beds	Operational Capacity	Population Projection	Bed Shortage	% Over Capacity
7/98	800 Male-Yuma	22,638	25,213	(2,575)	11.4%
8/98		22,638	25,345	(2,707)	12.0%
9/98		22,638	25,477	(2,839)	12.5%
10/98	800 Male-Lewis	23,438	25,609	(2,171)	9.3%
11/98		23,438	25,741	(2,303)	9.8%
12/98		23,438	25,873	(2,435)	10.4%
1/99	800 Male-Lewis	23,438	26,005	(2,567)	11.0%
2/99		24,238	26,137	(1,899)	7.8%
3/99		24,238	26,269	(2,031)	8.4%
4/99	800 Male-Lewis	24,238	26,401	(2,163)	8.9%
5/99		25,038	26,533	(1,495)	6.0%
6/99		25,038	26,665	(1,627)	6.5%
7/99	600 Female-Lewis	25,038	26,797	(1,759)	7.0%
8/99		25,038	26,929	(1,891)	7.6%
9/99		25,638	27,061	(1,423)	5.6%
10/99	800 Male-Lewis	25,638	27,193	(1,555)	6.1%
11/99		25,638	27,325	(1,687)	6.6%
12/99		26,438	27,457	(1,019)	3.9%
1/00	350 Minors-Lewis	26,438	27,589	(1,151)	4.4%
2/00		26,438	27,721	(1,283)	4.9%
3/00		26,788	27,853	(1,065)	4.0%
4/00	400 Private Beds	26,788	27,985	(1,197)	4.5%
5/00		26,788	28,117	(1,329)	5.0%
6/00		27,188	28,249	(1,061)	3.9%
7/00	1,000 Private Beds	27,188	28,381	(1,193)	4.4%
8/00		27,188	28,513	(1,325)	4.9%
9/00		27,188	28,645	(1,457)	5.4%
10/00		27,188	28,777	(1,589)	5.8%
11/00		27,188	28,909	(1,721)	6.3%
12/00		27,188	29,041	(1,853)	6.8%
1/01		27,188	29,173	(1,985)	7.3%
2/01		27,188	29,305	(2,117)	7.8%
3/01		27,188	29,437	(2,249)	8.3%
4/01		27,188	29,569	(2,381)	8.8%
5/01		27,188	29,701	(2,513)	9.2%
6/01		28,188	29,833	(1,645)	5.8%
7/01		28,188	29,965	(1,777)	6.3%
8/01		28,188	30,097	(1,909)	6.8%
9/01		28,188	30,229	(2,041)	7.2%
10/01		28,188	30,361	(2,173)	7.7%
11/01		28,188	30,493	(2,305)	8.2%
12/01		28,188	30,625	(2,437)	8.6%
1/02		28,188	30,757	(2,569)	9.1%
2/02		28,188	30,889	(2,701)	9.6%
3/02		28,188	31,021	(2,833)	10.1%
4/02		28,188	31,153	(2,965)	10.5%
5/02		28,188	31,285	(3,097)	11.0%
6/02		28,188	31,417	(3,229)	11.5%

STATE DEPARTMENT OF CORRECTIONS (Cont'd)

(See *Capital Outlay and Additional Legislation sections for more detail on the new complex*)

Additional Appropriations: Appropriation: Named Claimants (Chapter 244) — Appropriates \$4,498.70 from the state General Fund to DOC for reimbursement of non-appropriated monies for payment for classified advertising.

Excess Balance Transfers: Special Services Fund — Laws 1999, Chapter 6, 1st Special Session transfers \$1,000,000 from the Special Services Fund to the General Fund in FY 1999. The Special Services Fund receives monies from telephone commissions and operations of inmate stores. The fund is used for the benefit of inmates and the operation of inmate stores. The FY 1998 ending fund balance was \$5,159,600. In addition, Chapter 6 transfers \$1,000,000 from the Special Services Fund to the General Fund in both FY 2000 and FY 2001. Chapter 6 also transfers \$1,000,000 from the Special Services Fund to the Corrections Fund in FY 2002.

Arizona Correctional Industries Fund — Laws 1999, Chapter 6, 1st Special Session transfers \$1,000,000 from the Arizona Correctional Industries (ACI) Fund to the General Fund in FY 1999. The ACI Fund receives monies from the sale of ACI goods and services and interest earnings from the fund. The fund is used for ACI operational costs. The FY 1998 ending fund balance was \$3,008,600. In addition, Chapter 6 transfers \$1,000,000 from the ACI Fund to the General Fund in both FY 2000 and FY 2001. Chapter 6 also transfers \$1,000,000 from the ACI Fund to the Corrections Fund in FY 2002.

Drug Treatment and Education Revolving Fund — Laws 1999, Chapter 6, 1st Special Session transfers \$2,000,000 from the Drug Treatment and Education Revolving Fund to the General Fund in FY 1999. The Drug Treatment and Education Revolving Fund receives a portion of taxes collected on alcohol and tobacco products. The fund is used to provide rehabilitation programs and counseling to inmates released on parole. The FY 1998 ending fund balance was \$3,551,500.

Capital Outlay Appropriations: Chapter 2, 1st Special Session — Appropriates a total of \$162,938,700 over a 4-year period to the Department of Administration (DOA) for design and construction of a new 4,200 bed prison complex (sited in Tucson by Chapter 300). The legislation also stipulates that appropriated monies may be considered matching monies to any available Federal Funds and that all available monies from the truth-in-sentencing, violent offenders federal grant receipts be used for the project. The DOA is required to submit a bed plan (by security level) and the scope, purpose and estimated cost of the

project to the Joint Committee on Capital Review. *Table 6* summarizes the fund sources for the project.

Table 6 Southern Regional Prison Complex at Tucson					
Fund Source	(Thousands)		FY 2002	FY 2003	Total
	FY 2000	FY 2001			
General Fund			64,980.8	8,119.7	73,100.5
Corrections Fund	21,980.8	21,957.4	21,950.0	21,950.0	87,838.2
Federal Funds	1,100.0	28,900.0			30,000.0
Special Services Fund			1,000.0		1,000.0
ACI Fund			1,000.0		1,000.0
TOTAL	23,080.8	50,857.4	88,930.8	30,069.7	192,938.7

Additional Legislation: Omnibus Budget Reconciliation: Public Finances (Chapter 3, 1st Special Session) — Requires correctional or detention entities within the state to reimburse DOC for recruiting and training costs if the entity hires a correctional officer within 1 year of the officer resigning from DOC and the officer has resigned within 2 years of beginning employment with DOC.

Drug Treatment and Education Fund (Chapter 134) — Allows the fund to continue to receive its current distribution of alcohol and tobacco taxes. The fund was scheduled to stop receiving revenue on December 31, 1999. The fund is used to provide rehabilitation programs and counseling for inmates released on parole.

Education; Department of Corrections (Chapter 233) — Increases the base support level and capital outlay amounts that DOC will be eligible for from the Department of Education from 0.5 to 0.67 beginning in FY 2000. Appropriates \$200,000 from the state General Fund to the Department of Education in both FY 2000 and FY 2001 for distribution to DOC as a result of the eligibility increase.

Department of Administration; Omnibus (Chapter 300) — Sites the Southern Regional Prison Complex at Tucson and directs the DOA in cooperation with the DOC to establish the site as a 4,200 bed prison facility.